Softengine Newsletter

More Than Just Software

## Newsletter Vol. 28 - Introduction

Softengine News is dedicated to keeping you up to date with the latest information regarding SAP Business One systems, Softengine solutions and Best Business Practices.

## What's New?

**Spotlight on Product – Warehouse Management with SAP Business One; Optimize Inventory and Production Processes**

The warehouse and inventory management tools in the SAP® Business One application allow you to manage your supply chain and enhance customer satisfaction by providing reliable information about inbound and outbound shipments as well as current inventory levels. You can keep track of product inventory, quantity at each warehouse, movement history, and stocking status. Inventory data is updated in real time so that you can extract insights to meet customer demand and expectations.

SAP Business One gives you integrated accounting functionality, so you can be assured that your warehouse management and your financial accounting data are consistently synchronized. The software automatically values every goods movement and cost and price change, thereby eliminating manual interaction and the associated errors and costs. Using integrated production functionality, you can manage various types of bills of materials and link your warehouse with your order processing and production operations. Additionally, the material requirements planning feature in the application allows you to effectively plan material requirements for complex, multilevel production processes and maintain an optimum level of inventory.

SAP Business One also has a comprehensive set of reports to meet any of your warehouse and inventory reporting needs. Detailed reports on stock transactions and inventory valuations, inventory counts, production planning, and material requirements provide the information necessary to make quick and effective management decisions.

**Warehouses and Inventories**

SAP Business One lets you manage multiple warehouses from a central console. Perform instant availability checks and track item stock levels with real-time visibility of the inventory you have **"available to promise."** The software provides you with quantity details that are adjusted by what is already committed to other customers, incoming purchases, and production orders.

The master data management feature in SAP Business One lets you maintain item numbers and descriptions with detailed purchasing, sales, and inventory data. It also supports multiple unit types in sales, purchasing, and inventory documents. This means you can purchase and sell your inventory in different units (such as buying in cases and selling in individual bottles) while continuing to maintain an accurate count of units in stock.

You can create an unlimited number of price lists, integrate multiple currencies, pre-assign prices to specific customers, and define discount rules that are automatically applied to transactions with vendors and customers. Special pricing tools allow you to manage discounts based on volume, cash, or customer accounts.

SAP Business One provides both serial and batch number management to track goods through the inventory cycle. Generate and assign serial or batch numbers for items received from vendors, and draw from available batches when items are released. To simplify tracking even further, SAP Business One allows you to integrate bar coding to pick or transfer items between locations.

Costing methods such as FIFO, moving average, and standard price are fully integrated to give you a deep understanding of your item costs so you can accurately define prices and item discounts.

## Stock Movements

SAP Business One records goods receipts and goods issues in any warehouse and allows you to track your stock transfers from one warehouse to another. By integrating individual item prices or price lists, the application simultaneously updates inventory valuation. SAP Business One also fully integrates inventory and accounting transactions. As a result, when stock levels are adjusted, inventory accounts are immediately credited or debited, and applicable inventory variances are accounted for as soon as a stock movement is posted.

The pick-and-pack manager in SAP Business One lets you quickly create pick lists and pull the listed items from the inventory. Consignment and drop-ship orders are smoothly processed by creating dedicated customer warehouses.

You can perform cycle counts while orders are received and shipped, so that business activity does not have to be delayed to perform stocktaking. If the cycle count shows a level below the minimum stock point or a stock level discrepancy, the alerts management feature in SAP Business One can notify the designated warehouse roles and purchasing managers. The inventory count functionality allows you to record initial quantities, perform inventory tracking, and post stock differences by warehouse, item, item group, vendor, or any custom-defined property. Stocktaking forms are generated and printed using the print layout designer in SAP Business One.

## Production and Material Requirements Planning

SAP Business One supports all your basic requirements for production activities by enabling you to accurately and effectively manage bills of materials (BOMs), production orders, and material requirements. The application simplifies definition and management of BOMs for production, assembly, and sales. For example, with a production bill of materials, you can readily document the type, quantity, and price of materials needed to manufacture the final products, as well as quantity availability. Once BOMs have been defined, production orders can be created and released based on them. Component needs, costs, and materials availability are automatically added to your work orders, enforcing accurate allocation of raw materials to products and volume control.

Production orders allow you to initiate and track the production process and effectively move the materials used in the process through your organization. For example, once a production order is released to the shop floor, SAP Business One can automatically issue transactions for components needed to produce the parts.

On the other hand, material requirements planning (MRP) functionality in SAP Business One allows you to plan your material requirements and maintain an optimum production plan for complex, multilevel production processes. It replaces informal, ad hoc production scheduling with a more structured process using data from various sources across your business to create an accurate picture of your production and supply chain. Sources of data include: Bills of materials, Inventory data, Inputs from scheduled production and purchase orders, Demand inputs from actual and forecasted orders.

Using the MRP wizard, you can specify timelines, stocks, and even data sources to be considered in planning. SAP Business One then takes this data, assembles it, and creates recommendations regarding your material needs – what you'll need and how much and when you'll need it. Once these recommendations are reviewed, the MRP functionality can automatically generate production and purchase orders needed to manufacture a final product in the quantity and time specified by the production schedule, taking into consideration all requirements for product components.

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**Production and Warehouse Reports**

Reporting tools in SAP Business One allow you to create sophisticated warehouse and production management reports. You can choose from a variety of report formats (such as PDF, Microsoft Word, Microsoft Excel) to display standard reports or incorporate them as dashboards. Use predefined templates to issue inventory status, audit, and valuation reports, as well as item and warehouse transaction lists. You can also generate production reports, such as production orders by status and BOM reports.

With "drag-and-relate" and interactive drill-down functionalities, you can click through relevant data and get answers quickly. For more advanced reporting, use the report designer to integrate custom queries, parameters, formulas, and layouts. The report organizer allows you to execute and manage your reports and efficiently distribute them to other users through report books. Data in reports is refreshed in regular, predefined intervals, so you are constantly updated on inventory levels and production schedules.

**Summary**

Accurate and streamlined inventory management is crucial to your ability to deliver on promise, as well as to maintain customer satisfaction and inventory cost control. Inventory and production management tools in the SAP® Business One application help manage detailed warehouse data, track and record stock movements, and plan and release production orders based on your material requirements planning.

**Business Benefits**

- Gain efficiency by automating processes and using integrated production functionality
- Improve customer service with on-time delivery and fewer shortages and stock-outs
- Reduce inventory costs with improved inventory control and materials planning
- Improve business insight with powerful warehouse and inventory reporting tools

## Are You a Best-Run Business?

### Four Ways to Help Improve Efficiency in 2011 and Beyond

You've kept your business in safe harbor during the Great Recession. No doubt you gained significant insights about your operations, and did all you could to maximize efficiency during these lean times.

Last month, our survey of small and medium sized enterprises told us you think the clouds are clearing, and the sentiment bias is toward "cautious growth." The latest from market researcher IDC reflects this trend as well. IDC projects worldwide SMB IT spending will grow to nearly $629.3 billion in 2014, and that spending will return to 2008 levels this year. So what does this mean for your IT initiatives today? Will clearer skies change your near- and long-term IT priorities? Experts caution that efficiency initiatives that can maximize revenue and profits during a recovery often stall as business improves.

As sentiment shifts from negative to positive, there are often changes in IT spending and project priorities. During this transition, IT efficiency projects that originate in recessionary times can stall in favor of more growth-oriented initiatives, such as hiring more staff, advertising, and incentives.

Economic downturns often teach brutal efficiency lessons to top executives - lessons they often forget when business comes roaring back. While the learning is fresh and cash flows are improving, it's crucial that companies remain focused on completing strategic efficiency initiatives in finance, accounting, customer relations, and inventory management. That's because the same systems that offer cost containment also provide management with the ability to seize extraordinary growth opportunities.

**How to Sustain Efficiency in Your Organization: Four Initiatives for 2011 and Beyond**

To help your organization capitalize on lessons learned from recessionary times and be prepared for whatever comes next, SAP suggests four principal efficiency initiatives. Here are some brief case studies that illustrate how other fast-growing companies are executing these initiatives and reaping the benefits.

**1. Standardize software applications.**  There's nothing like leaner, more competitive times to discover where human and automated systems are breaking down.

**2. Automate processes that impact the bottom line.**  Process automation is critical to maximizing the value of resources and helping to improve financial performance.

**3. Increase resource efficiency.**  For many global companies, inventory and production waste can wreak havoc on profitability.

**4. Boost worker productivity and teamwork.**  When companies grow, productivity and teamwork often decline at the point where "grassroots" or "siloed" processes break down.

### The SAP Advantage: Efficiency

No matter what your efficiency initiative is or how large your business has become, SAP and its 10,000 global partners are ready to help you streamline your operations and provide a solution perfectly tailored to your company. In as little as three weeks to six months, depending on your business and solutions required, SAP's small and medium enterprise solutions help companies build a unified, integrated business system that promotes process excellence, automates routine and administrative tasks, and helps make employees more efficient and productive.

With 82,000 deployments worldwide (and counting!), SAP's proven solutions include alerts that can proactively identify when manufacturing defects or other signs of operational waste are exceeding thresholds. This lets management quickly address performance or quality issues *before* they escalate into larger problems. By automating core processes across the business, your company can streamline operations and help eliminate waste from the plant floor to the back office.

For more information about how SAP Business One application enables you to automate and optimize your **warehouse management and production** activities,**,** please contact Barry Lederman: 818.704.7000, blederman@softengineusa.com.